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This single chapter on trade regulations, customs, and standards is excerpted from the 2005 (Fall 2004 Update) Country Commercial Guide for Morocco. The full text of the report is also available on this website.

CHAPTER 6: TRADE REGULATIONS, CUSTOMS, AND STANDARDS

Trade Barriers:

The greatest barriers to trade in Morocco are irregularities in the government procurement procedures, lack of transparent governmental and judicial bureaucracies and contraband. Although the government is diligently working to liberalize the business environment, foreign corporations still complain about these challenges. FTA negotiators have addressed these issues and the Moroccan government has agreed to conform to international business standards. Thus the problems posed by these obstacles will gradually diminish after the FTA ratification.

Customs Regulations:

In the last few years, Moroccan customs has undergone a major transformation from a primarily cumbersome bureaucracy to a streamlined and computerized, efficient institution. In addition to the last customs survey indicating high levels of client satisfaction, the American Chamber of Commerce reports that the average waiting time has been reduced to just a few hours and that the well-organized customs service is one of the highlights of doing business in Morocco. Furthermore, all up to date customs information is available on its comprehensive French website, www.douane.gov.ma.

Tariff Rates and Import Taxes:

When the FTA is ratified over 95 percent of bilateral U.S. consumer and industrial exports will be able to immediately enter Morocco duty-free. Over the next nine years, the tariff rate will decrease gradually for the remaining 5 percent of products according to the prearranged tariff schedule. Products gaining immediate duty-free access include information technology, machinery, chemicals and construction equipment. Furthermore, the FTA tariff schedule was created using a negative list format meaning that unless stated as not being privy to tariff reductions products will enjoy all of the rights granted to American products in the FTA. Furthermore, textiles are privy to this same right as long as the fabric and yarn meet the rules of origin requirements. Over a fifteen-year period American agricultural products including wheat, poultry and beef will also gain duty-free status. Until ratification however the tariff structure will remain the same. The following information must be taken into account if planning on exporting to Morocco before the FTA goes into effect.

Import duties are generally high and considered as the main obstacle to greater imports. However, if the import is an unfinished product requiring further processing or construction in Morocco, duties are reduced accordingly. Import duties vary from 2.5% to 35% for many raw materials and equipment. Imports are also subject to a Value Added Tax (VAT), varying from 0 to 20%. VAT is not always paid on locally produced goods (e.g., corn) or on some vehicles used for international transportation (e.g., moving vans).

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With import duties on food sometimes being as high as 329% for frozen lamb, food products are subject to an average 80% cumulated import taxes and duties, which makes the price of consumer oriented food products prohibitive for the average Moroccan consumer.

In addition to the 1995 Finance Act, a "taxe parafiscale" of 0,25% on imports was introduced to finance activities such as technical inspections for export goods, economic and export promotion, industrial development, and small-scale production. The following are exempt from the "taxe parafiscale": All merchandise imports qualifying for:

- Special customs procedures or concessions granted in the context of officially approved investment programs,
- Exemption or total relief from import duties and taxes by virtue of legislative provisions or special regulations, and preferential trading agreement between Morocco and other countries.

Import/Export Documentation:

The following documentation is required for all imports and exports.

- (1) License (representing the "physical import or export")
- (2) A commercial invoice: Pro-forma invoices are provided in most cases. No special invoice form is necessary. The commercial or pro-forma invoice should (a) be on the supplier's letterhead, (b) fully describe the goods in French, (c) indicate the HS code when available, (d) indicate the value of the goods, (e) indicate the currency for payment (for foreign exchange transfer), and (f) indicate the address of the buyer. U.S. exporters should keep in mind that unlike in the U.S., the date format should be (dd/mm/yy).
- (3) An "engagement d'importation," which is the authorization provided by the exchange office for transfer of foreign currencies from Morocco to foreign suppliers abroad.
- (4) A "declaration de douane" is provided by the customs office and is required for import and export through a port or airport. For shipments by mail, a simple form filled out at the post office replaces the "declaration de douane."
- (5) The importer/exporter may attach any documentation, such as technical documentation, that might help the customs office.

The documentation required for import or export of digitalized products electronically delivered over the Internet (i.e., software, movies, downloads) or other networks, is the same as the documentation previously listed.

When sending promotional material, and especially promotional videos, it is important to clearly state, in French, "Promotional Use Only, No Commercial Value."

Temporary Goods Entry Requirements:

Goods imported under a temporary entry provision must be approved by decree of the Finance Ministry. Customs may authorize entry of goods on an individual basis. The limit for temporary entry is 6 months, renewable for up to two years.

Prohibited Imports:

Import restrictions apply only to firearms, explosives, used clothing, used tires, pornography, absinthe, kif and rugs similar to those produced in Morocco.

Warranty and non-warranty repairs:

Usually in Morocco a one-year warranty is given to end-users for products or equipment purchased.

Export Controls:

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Goods that are temporarily exported from Morocco for further processing abroad are only taxed on the value added outside of Morocco; however they must reenter the country by the indicated legal reentry date. In general, Morocco does not require authorization from the Exchange Office for the export of goods. However, certain restrictions apply to the following:

- Goods exported on consignment to be sold on commission: except for fruits, vegetables, flowers and handicraft goods
- Goods exported by individuals not registered with the Trade Registration Authority.
- Goods valued at more than \$300 that are not exported for sale.
- Samples valued at more than \$1,000 that are exported without payment.
- Exports whose payment period exceeds 150 days.

The following goods require export licenses from the Ministry of Foreign Trade:

- Antique articles older than 100 years
- Archeological, ethnographical, historical and paleontological products, and specimens of anatomy, botany, mineralogy and zoology.
- Charcoal and flour made from cereals, except for ground rice.
- Phosphates and chemicals.

Membership in Free Trade Agreements:

On June 15, 2004 the U.S. and Moroccan governments signed an FTA that will go into effect as soon as it receives both U.S. Congress and Moroccan Parliament ratification. For the last 9 years the 1995 TIFA has characterized U.S.-Moroccan trade relations. This agreement, which already guaranteed that both parties would take appropriate measures to encourage and facilitate trade in goods and services, will be greatly expanded upon once the FTA is ratified. Symbolic of Morocco's political and historical importance to the U.S., this FTA is the most comprehensive providing the greatest market access package ever agreed upon in an American FTA with a developing country.

In addition to eliminating most tariffs aforementioned in the Tariff Rates and Import Taxes section, Morocco has also agreed to make its business environment far more transparent and welcoming to foreign enterprises by dedicating itself to providing American companies with an efficient, predictable legal framework and secure working environment. In addition to the tariff elimination schedule, this FTA will also work to weaken many of Morocco's non-tariff trade barriers. Both governments have vowed to publish all of their current trade and investment laws and publish any proposed legislation in advance while welcoming public comment. Bribery of any form will be outlawed, whistle-blowers will be granted protection, and American companies will enjoy the same rights as Moroccan companies when investing. Furthermore, the Moroccan government has promised to grant American companies the same legal rights that they enjoy in the American system such as effective, impartial legal dispute settlements including due process protection and transparent public trials where all parties are allowed to offer their view. There is also a non-discriminatory clause legally mandating that all American businesses trying to physically invest in Morocco will have equal access to infrastructure such as phone switches and submarine cable landing stations. Trademarks, Copy rights, Patents and Trade Secrets will receive the same protection they receive under American law even when in digital form. Intellectual Property Rights will also be protected through the enforcement of tough laws outlawing both piracy and counterfeit products. Both governments will have the right to destroy these products and the machines that create them and the guilty parties will be responsible for any monetary damages suffered by the legally established company. Furthermore, the FTA will also put American corporations on equal footing with their European competitors and will allow American corporations based in Morocco to export to Europe duty free. This agreement will also work to uphold tough labor and environmental standards. Neither party can reduce their current laws in hope of making their country more attractive for international investment.

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After both parties have ratified the FTA, American direct investment in Morocco is expected to increase significantly providing a much need stimulus to the Moroccan economy. Although America's greatest exports to Morocco now lie in aircraft, corn and machinery, with the FTA American energy, transport, financial services, insurance, wheat, feed grain and soybean exports should increase markedly. By voiding outdated legislation, American banks and insurance companies will also be granted greater freedom to open branches, create subsidiaries and enter into joint ventures. Furthermore, by reducing the red tape more American manufacturers are expected to build production facilities in Morocco. The social and political success of the FTA lies in the effective job retraining of Moroccan farmers who will be adversely affected by the influx of American agricultural exports. The American government has already invested millions of dollars into training small and medium business on how best to take advantage of the FTA to export their products or to form partnerships with American importers.

The full text of the agreement along with a main point summary, a trade guide and list of key contacts can be found at www.moroccousafta.com.

It should be noted that Morocco also has FTAs with the Maghreb Arab Union, Saudi Arabia, Jordan, Tunisia, Egypt, and most importantly for American investors, the EU. All of these agreements, but especially the trade agreements with the U.S. and the EU, capture Morocco's drive to liberalize its business environment by adopting internationally accepted business law, accounting procedures and technical norms in order to foster internationalization and economic development.

The EU-Moroccan Association Agreement went into effect on March 1, 2000 and is equally valid for all American companies located in Morocco. The agreement calls for the gradual elimination of tariffs on EU-Moroccan trade in industrial goods over the next 12 years and provides duty-free access for limited quantities to some agricultural products, especially seafood products, fruits and vegetables. Morocco provides gradual reduction in duties for many EU industrial and agricultural products. The effect of this agreement on U.S. exports to Morocco has been relatively small, especially for the major U.S. commodities currently exported to Morocco (grains, oilseeds, vegetable oil, etc.). The concessions made by Morocco on imports from the EU are not significant and are meant to keep the traditional flow of products coming from the EU. However, first indications from Moroccan agricultural trade data indicate that the EU share has increased considerably for some products including butter, cut lumber, cheese, paper pulp, ice cream and beer since the implementation of the Association Agreement. Thus, for many agricultural products, this agreement is increasingly displacing U.S. sales. The longer American exporters wait the more difficult it will for them to enter these specific markets. (See FAS/USDA report MO1008).

Customs Contact Information:

For more information on import duties for specific products, U.S. exporters should contact the Director General des Douanes (customs office), Avenue Annakhil, Centre des Affaires, Hay Raid, Rabat, Morocco, tel: (212)-037-57-90-00; fax: (212)-037- 71-78- 14/15; e-mail: addi@douane.gov.ma. The customs website located at www.douane.gov.ma, though all in French, is also a great reference for any customs related issues

Standards and Accreditation Overview:

The Moroccan standards regime has been rapidly developing in light of increased international pressure stemming from the EU-Moroccan Association Agreement and the U.S.-Moroccan FTA. Thanks to this government led progress, all standards, norms and future standardization goals are easily accessed worldwide on numerous government websites. Furthermore the main conformity assessment body is now located in cities nationwide allowing all Moroccan and foreign producers better accessibility. The government's goal is to ensure the quality of Moroccan products thus facilitating the success of Moroccan

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exports to their ever-growing number of trading partners and to guarantee their citizens quality-imported products. The private sector has thus far been relatively inactive in this process with their major contributions limited to forming a few technical committees. The government would like to see more private activity in this process in the coming years.

Practically speaking, the government does not require locally registered firms to apply ISO 9000 usage although most multinational firms operating in Morocco currently use the ISO, primarily as a marketing tool. Also as a point of interest for American exporters, except for few bulk commodities, most Moroccan importers are not familiar with the USDA and U.S. industry commodity grading systems and standards.

(1) Standards:

The “Service de Normalisation Industrielle Marocaine” (SNIMA) is the only Moroccan organization responsible for developing standards. As the unique standardization body in Morocco it not only provides all product norm and standards certification it also is the soul provider of management system certification. It is responsible for answering all questions related to the Technical Barriers to Trade Agreement. Furthermore, this bureau annually creates a list of consumer and industrial products that they intend to create norms and standards for the following year. A list of what products will receive updated norms and standards and when this process is expected to occur can be found in French on their website www.mcinet.gov.ma/snima under “Normes en enquête.” The national goal is to increase the number of certified product norms by 15 to 20 percent over each of the next three years. With the total number increasing to 5000 certified product norms in the next three years, domestic and international trade will be facilitated and product quality will be ensured to the Moroccan consumer. Their long-term strategy also focuses on gaining official recognition from the International Accreditation Forum.

(2) Conformity Assessment:

The main national testing organization is the Laboratoire Public d’Essais et d’Etudes (LPEE). LPEE currently has laboratories in all of Morocco’s major cities. Although most of their work is dedicated to building and construction testing, they also deal with electrical and calibration testing. In the near future LPEE in collaboration with industrial federations will create technical industrial centers that will specialize in mechanical, chemical and transportation testing.

(3) Product Certification:

The following five government commissions have the sole mandate to certify products.

1. Commission pluri-sectorielle (Multi-sector Commission),
2. Commission de Certification des Industries Agro-Alimentaires (Food and Agricultural Industry Certification Commission),
3. Commission de Certificate des Industries de la Chimie et de la Parachimie (Chemical and Para Chemical Industry Certification Commission),
4. Commission de Certification des Industries Mécaniques, Métallurgiques, Electriques et Electroniques (Mechanic, Metallurgic, Electric and Electronic Certification Commission), and
5. Commission de Certification des Industries du Textile et Cuir (Textile and Leather Industry Certification Commission).

All products must conform to the international guide ISO/IEC 65. Once products conform to this standard the Ministère Chargé l’Industrie will grant the product the right to use the NM label as proof of its quality. Furthermore, with the advent of the U.S.-Moroccan FTA all products must conform to the specifications of this Mutual Recognition Agreement.

(4) Accreditation:

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The only Moroccan accreditation body is the Ministère de l'Industrie, du Commerce, et de la Mise à Niveau de l'Economie. Although accreditation is still voluntary with no accreditation requirements required by technical regulations, there are almost thirty certified labs nation wide. A complete list of these labs can be found be at the website www.mcinet.gov.ma by clicking on "Qualité-Métrologie-Accréditation," then "Accréditation" and finally "Liste des laboratoires accrédités."

(5) Technical Regulations:

Morocco's national gazette is the Bulletin Officiel. It is edited by the Official Printing Press (Imprimerie Officielle) but proposed technical regulations are not yet published. All proposals concerning standardization are instead published on the website www.mcinet.gov.ma/snima/. The proposals are public information and anyone can comment on these proposals during their 90 days of posting.

(6) Labeling/Marking:

No special regulations apply to the exterior marking of containers for shipments to Morocco. However, an indication on outer containers of the net weight in kilograms, together with other identification markings, will assist in locating goods on arrival and speed their clearance through customs. Duties and taxes are assessed on the value indicated on the commercial invoice.

Food labels can be in French or Arabic and must show country of origin. There is, however, a requirement for both local and imported canned foods and beverages to print the date of production and the expiration date. The metric measurement is mandatory. Moroccans are not familiar with U.S. measurements and standards such as ounces, lbs., cups, servings, etc. Metric measurements are common on both local and imported products. Also, unlike in Egypt and other Middle Eastern countries, most Moroccans use exclusively the same numbers (characters) as those used in the U.S. When using the date format (xx/xx/xx), U.S. exporters should keep in mind that unlike in the U.S., the date format should be (dd/mm/yy). The NM 09.000 is the standard requiring labeling on textile products and the Agricultural Attaché's office in Rabat has prepared a Food and Agricultural Import Regulations and Standards (FAIRS) report for U.S. exporters detailing agricultural labeling requirements.

(7) Contacts:

The national inquiry point on standards:
Service de Normalisation Industrielle Marocaine
Angle Avenue Kamal Zebdi et Rue Dadi,
Secteur 21 Hay Riad- Rabat
Tel: (212) 037 71 62 14
Fax: (212) 037 71 17 98
Email: snima@mcinet.gov.ma

The Ministry of Agriculture's inquiry point on standards:
Direction de la Protection des Végétaux, des Contrôles Techniques et de la Repression des Fraudes
"DPVCTRF"
Quartier Administratif. Place Abdellah Chefchaouni
B.P. 607 Rabat

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Please Note: Country Commercial Guides are available to U.S. exporters on the website: <http://www.export.gov>. They can be ordered in hard copy or on diskette from the National Technical Information Service (NTIS) at 1-800-553-NTIS.

U.S. exporters seeking further recommendations for trade promotion opportunities in Morocco and country-specific commercial information may also wish to visit the website of the U.S. Commercial Service in Morocco at www.buyusa.gov/morocco.

Travelers may wish to obtain the most recent travel advisory from the U.S. Department of State at www.state.gov

U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** of the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to one of the following websites: www.usatrade.gov or www.tradeinfo.doc.gov

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